TROUTMAN SANDERS LLP

A T T O R N E Y S A T L A W

THE CHRYSLER BUILDING
405 LEXINGTON AVENUE
NEW YORK, NEW YORK 10174
www.troutmansanders.com
TELEPHONE: 212-704-6000
FACSIMILE: 212-704-6288

Amos Alter amos.alter@troutmansanders.com

Direct Dial: 212-704-6247 Fax: 212-704-5914

September 20, 2005

Via FedEx

Hon. Gregory M. Sleet, U.S.D.J United States District Court J. Caleb Boggs Federal Building Room 4324, Lockbox 19 Wilmington, DE 19801

RE: Integrated Health Services v. THCI: 04-910 (GMS)

Dear Judge Sleet:

As you know, we are the attorneys for Integrated Health Services. We write in response to the latest edition of what is becoming the regular Friday letter of Robert E. Grossman, Esq., representing THCI. The particular letter here being responded to is that of September 16.

As usual, Mr. Grossman's missive misstates the facts. We do not mean to imply that he does so purposely, although there may be a bit of recklessness to some of his remarks. He apparently is simply unaware of the true facts. For instance, Mr. Harry Grunstein has nothing whatsoever to do with the possible proposed acquisition of Beverly Enterprises. This takes a lot of wind out of Mr. Grossman's sails.

In any event, the allegations of Mr. Grossman have nothing whatsoever to do with the cases before Your Honor. This is, for that reason alone, not the forum in which to refute them point by point.

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We again reiterate that we have consented to mediation of the appeal. We note that in none of Mr. Grossman's letters has he indicated THCl's agreement to the same.

Respectfully yours,

Amos Alter

Cc (Via FedEx): Robert E. Grossman, Esq.

Michel R. Lastowski, Esq. Christopher M. Winter, Esq.